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SUBJECT: INDONESIA ESTH HIGHLIGHTS - JANUARY-FEBRUARY 2006

11. Summary: The Rhino Conservation Program and the GOI co-hosted an "Indonesian Rhino Conservation Strategy Meeting" on February 26-27 to discuss strategies for conserving the Sumatran and Javan rhinos. The National Agency for Drug and Food Control's (BPOM) December 2005 discovery of formaldehyde in foods triggered a wave of public concern. On January 17-18, the Ministry of Forestry (MOF) held a consultation forum on illegal logging and the illegal timber trade. Indonesian and foreign companies continue to eye investments in Indonesia's pulp and paper industries, although questions persist about the sustainability of wood supply. On January 4, Minister of Forestry M.S. Kaban appointed a first group of about 400 MOF officers to a new "Quick Response Special Unit" (SPORC) designed to combat illegal logging. The Jakarta city government began enforcing emission tests for cars on February 4, but compliance levels appear low. On December 30, 2005, the Jakarta Environmental Management Agency (BPLHD) issued a report showing that pollution levels in the city's 13 rivers continue to rise. The GOI and the Government of the Netherlands announced that they would cooperate on biomolecular research during the January 11 visit of Dutch Minister of Education, Culture and Sciences Maria JA van der Hoeven. End Summary.

Indonesian Rhino Conservation

12. U.S. Fish and Wildlife Service (USFWS) Biologist Fred Bagley visited Jakarta February 27-28 to attend an "Indonesian Rhino Conservation Strategy Meeting" and a meeting of the Global Propagation and Management Board for Sumatran Rhino. Participants reached several conclusions regarding the conservation of the Sumatran and Javan rhinos, including: a) conducting more frequent censuses of these endangered animals; b) establishing more frequent anti-poaching patrols; c) increasing local input in the conservation agenda; and d) creating more habitats for rhinos. The U.S. Rhinoceros and Tiger Conservation Fund (RCTF) has provided several grants for Sumatran and Javan rhino conservation that aim to help Indonesia integrate efforts to conserve its rhino wild population.

Formaldehyde Levels in Food Cause Concern

13. On December 29, 2005 the National Agency for Drug and Food Control (BPOM) issued a report stating that several favorite Indonesian food items contained formaldehyde, borax, and textile coloring. BPOM said that its investigation revealed that fresh noodles, preserved fish, and tofu contained high levels of formaldehyde, and that

meatballs and green mussel contained textile dye and borax. BPOM said it conducted its investigation in 26 cities in December 2005, with follow up investigations continuing into January 2006. Law 8/1999 on Consumer Protection calls for fines of Rupiah 2 billion (USD 2.2 million) and a maximum of 5 years in jail for misusing formaldehyde. Tofu, salted fish, fresh noodles, and meatballs are staple foods for most Indonesians so the BPOM triggered high levels of public concern.

¶4. BPOM Chairman Sampurno admitted that releasing the investigation to the public had caused a 50 percent drop in sales of tofu, beef balls, salted fishes, and fresh noodles. In a January 14 re-release of its report, BPOM revealed that 14 cities and districts, including Jakarta, Bandung and Yogyakarta were free of formaldehyde. Five cities and districts continue to see frequent use formaldehyde in foods, according to the BPOM: Pekanbaru-Riau, Lampung, Denpasar-Bali, Mataram-West Nusa Tenggara, and Palangkaraya-Central Kalimantan. However, in one recent poll of North Jakarta fishermen, 80 percent of the respondents admitted to using formaldehyde to preserve their catch for up to three weeks, and some observers believe this practice is common in other regions of Indonesia. Some food vendors have also stated that they have no choice but to use formaldehyde if they want to stay in business, prompting additional public concern. GOI officials have insisted that they have the situation under control and have encouraged people to consume foods as normal.

GOI holds Forum on Illegal Logging and Timber Trade

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¶5. Representatives from a dozen countries or international organizations and twenty four Indonesian diplomatic missions abroad attended a January 17-18 "Consultation Forum" in Yogyakarta on combating illegal logging and the illicit timber trade. The MOF organized the event with sponsorship by the United Kingdom's Department for International Development (DFID). Senior GOI officials, including Minister of Forestry M.S. Kaban, Chief of the Criminal and Investigation Department of the Indonesian National Police, Makbul Padmanegara, Deputy Attorney General for General Crimes Prasetyo, and Director General for Forest Protection and Nature Conservation at the MOF Arman Mallolongan briefed attendees on the GOI's ongoing efforts to combat illegal logging and illicit trade in timber. Participants agreed that the forum had been a useful venue for the GOI to seek cooperation with international partners on combating illegal logging and the illicit timber trade.

Investor Interest in Pulp and Paper Sector

¶6. Minister of Forestry Kaban told the press on January 13 that many investors remain interested in investing in Indonesia's pulp and paper sector. He added that a group of investors from India and Malaysia had proposed developing a USD 1.3 billion integrated pulp and paper plant in West or Central Kalimantan in 2005.

¶7. Although Kaban welcomed investor interest in the sector, local environmental NGOs expressed concern about the possible negative impact on Indonesia's forests. The environmental NGO Greenomics Indonesia claimed that approximately 200,000 hectares of natural forests vanish each year to provide raw materials for the pulp and paper industry. Greenomics claimed that two large pulp and paper manufactures in Riau, PT. Riau Andalan Pulp and Paper (RAPP) and PT. Indah Kiat Pulp and Paper (IKPP) continue to obtain up to 50 percent of their raw material from natural forests. Greenomics added that in the past two years, the two companies had consumed 7-8 million cubic meters of wood by clearing natural forests. However, RAPP denied the

allegations and Environmental Affairs Manager Canesio P. Munoz stated that his company uses degraded forests rather than natural forests for raw materials. He added that since 1995, RAPP has donated USD 7 million for conservation programs in Indonesia and has replanted more than 115,000 hectares of industrial forests since 2004. Asia Pulp & Paper (APP), the parent company of IKPP, has denied similar allegations in the past by NGOs and has also donated funds to conservation causes.

Special Unit to Combat Illegal Logging

18. On January 4, Minister of Forestry Kaban appointed a first group of 399 MOF officers to staff a new "Quick Response Special Unit" (SPORC) designed to combat illegal logging. After their appointment, the SPORC members attended a five-week training course at a police training school in Sukabumi, West Java. The MOF plans to hire a total of 1,500 SPORC personnel within 5 years. The SPORC program is part of the MOF's efforts to implement Presidential Instruction No. 4 of 2005 on illegal logging. The SPORC is charged with intensifying the fight against illegal logging and strengthening forest management policies. According to the MOF, 60 million hectares of Indonesia's forests have been degraded, with the rate of deforestation at about 2.8 million hectares annually. The Ministry estimates the annual economic loss to Indonesia from forest degradation at Rp 30 trillion (USD 3.3 billion).

Jakarta Begins Emission Tests

19. On February 4, the Jakarta Environmental Management Agency (BPLHD) began enforcing emission tests for all registered vehicles. This measure implements local government law (PERDA) No. 2 of 2005, and requires automobile owners to have vehicle emissions tested at the time of purchase or when motor vehicle licenses are up for renewal. In implementing this new law, the Jakarta administration faces several obstacles, including a very limited number of repair shops and competent technicians. The government has designated 115 auto repair shops to conduct the tests, with 80 already certified. The repair

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shops charge around Rupiah 30,000 - 50,000 (USD 3 - 5) for each test. Meanwhile, the Head of East Jakarta Regional Environmental Agency Surya Darma stated that the Jakarta administration will not begin to apply the new law to motorcycles until it completes operational regulations. According to the 2005 data from the Jakarta metropolitan police, Jakarta has 2.5 million motorcycles, 1.3 million cars, 400,000 cargo vehicles, and more than 250,000 buses.

Pollution Worsens in Jakarta's Rivers

110. On December 30, 2005 the BPLHD issued a report showing that pollution levels in Jakarta's 13 rivers continue to rise. BPLHD drew samples from more than 50 monitoring posts in the 13 rivers, and the results showed an increase of 1-9 percent in pollution levels. BPLHD measured salinity, turbidity, suspended particles, and diluted hazardous particles (nitrate, nitrite, chloride, ammonia, phosphate, etc.) to assess pollution levels. Controlling pollution levels in Jakarta's rivers is difficult given that watersheds for the rivers fall under the jurisdiction of 14 separate municipalities and national agencies. Environmentalists blame a reported lack of coordination between the various stakeholders for the increasingly high pollution in the city's rivers. Jakarta officials have acknowledged that high pollution levels in the city's rivers threaten marine ecosystems in the Jakarta Bay. Recent media reports have highlighted several large fish kills in the Jakarta Bay area.

The GOI pushes Bio-molecular Research

11. Special Advisor to the Minister of Research and Technology Dr. Amin Subandrio announced on January 11 that Indonesia and the Netherlands would cooperate in bimolecular research on TB, Hepatitis B, and other tropical diseases, including avian influenza. The announcement came during the visit to Jakarta of Netherlands Minister of Education, Culture and Sciences H.E. Maria JA van der Hoeven. Subandrio added that the Netherlands wants to collaborate with the Eijkman Molecular Institute in pursuing epidemiological and molecular hepatitis studies in Batam. Indonesia and the Netherlands have in the past undertaken similar cooperation in Nias and Papua, and have established a sister institute relationship between the Eijkman Institute for Molecular Biology in Jakarta and the Eijkman-Winkler Institute in Utrecht, the Netherlands, to conduct infectious diseases research.

Pascoe